Message Text

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E.O. 11652: XGDS-1 TAGS: PFOR, TU, CY

SUBJECT: REOPENING OF VAROSHA

REF: (A) STATE 178821, (B) NICOSIA 2008

- 1. WE TOOK THE ACTION REQUESTED IN PARA 4 REF. A VIA A CALL AUGUST 2 ON MFA CYPRUS-GREECE DIRGEN TULUMEN.
- 2. AS TO WHETHER THE DEMIREL GOVERNMENT INTENDS TO PROCEED WITH IMPLEMENTING THE ECEVIT-GUNES STATEMENTS, TULUMEN SAID THAT NO DECISION HAD YET BEEN MADE ON ANY ASPECT OF THE VAROSHA ISSUE BY THE NEW GOVERNMENT. HE THOUGHT IT LIKELY THAT THE QUESTION WOULD REMAIN UNDECIDED, POINTING OUT THAT DEMIREL OBVIOUSLY WAS IN A DIFFICULT POSITION. ONE MAJOR FACTOR WAS THAT IF HE DISAVOWED ECEVIT'S POSITION, ECEVIT WOULD USE THE ISSUE TO ATTACK DEMIREL AND ALMOST CERTAINLY WOULD FIND SUPPORT FROM DEMIREL'S COALITION PARTNER, NATIONAL SALVATION PARTY (NSP) PARTY LEADER ERBAKAN. ANOTHER FACTOR WAS THE INCREASING DIFFICULTY OF PLACING PRESSURE ON TURKISH-CYPRIOT LEADER DENKTASH -- WHO ALREADY HAS EFFECTIVE INDEPENDENCE CONFIDENTIAL

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EXCEPT THAT HE LACKS FOREIGN REPRESENTATION AND FOREIGN EXCHANGE, TULUMEN SAID.

3. FOR AUTHORITATIVE CLARIFICATION AS TO JUST WHAT ECEVIT AND GUNES MEANT BY THEIR JULY 20 STATEMENTS ON VAROSHA, TULUMEN RECOMMENDED THAT WE CONSULT THEM DIRECTLY. HE ADDED, HOWEVER, THAT HE WAS "100 PERCENT SURE" OF HIS OWN

INTERPRETATION, WHICH WAS THAT THE STATEMENTS WERE MEANT AS A SIGNAL TO THE U.S. THAT THE REPUBLICAN PEOPLE'S PARTY (RPP) HENCEFORTH COULD NOT BE COUNTED ON TO MAKE CONCESSIONS FOR A CYPRUS SETTLEMENT IF THEY RETURN TO POWER. (WE INTEND TO SEEK CLARIFICATION FROM THE RPP DIRECTLY.)

- 4. TULUMEN TOOK NOTE OF OUR STATEMENT OF U.S. OPPOSITION TO UNILATERAL TURKISH ACTION IN VAROSHA (PARA 4, REF. A). HE RECOMMENDED, HOWEVER, THAT IN VIEW OF DEMIREL'S DIFFICULTIES AS DESCRIBED ABOVE, WE "NOT INSIST TOO MUCH" ON DEMIREL'S DISAVOWING THE POSITION TAKEN BY ECEVIT.
- 5. IN A GENERAL DISCUSSION OF THE PROBLEM, TULUMEN POINTED OUT THAT THE HOTEL CONSTANTIA, WHERE THE HOTEL TRAINING SCHOOL IS LOCATED, AND WHICH IS THE PRINCIPAL FACILITY INVOLVED IN THE STEP ENDORSED BY ECEVIT, OVERLOOKS FAMAGUSTA HARBOR AND IS ISOLATED FROM THE NEWER HOTELS FARTHER TO THE SOUTH, WHICH DO NOT OVERLOOK THE HARBOR. (COMMENT: THE TURKS HAVE PREVIOUSLY INDICATED THE IMPORTANCE THEY GIVE TO THE SECURITY OF FAMAGUSTA HARBOR FROM A MILITARY POINT OF VIEW. THIS FACTOR MAY WELL HAVE HAD CONSIDERABLE WEIGHT IN THE DECISION TO MAKE THE CONSTANTIA A TURKISH CYPRIOT-CONTROLLED FACILITY.) TULUMEN SAID THAT THE HOTEL SCHOOL PROJECT HAD BEEN PLANNED AS ANOTHER ECONOMIC DEVELOPMENT EFFORT FOR THE TURKISH-CYPRIOT COMMUNITY, THAT IT INVOLVED A RELATIVELY MINOR CHANGE IN THE STATUS OF VAROSHA, AND CONFIDENTIAL

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THAT THE SCHOOL HAD BEEN OPENED QUIETLY ON JULY 13. ECEVIT HAD DELIBERATELY CHOSEN TO BLOW UP THE MATTER INTO A STRONGLY POLITICAL ISSUE. AS TO THE POSSIBILITY OF REOPENING THE OTHER HOTELS IN VAROSHA, TULUMEN POINTED OUT THAT THEY HAVE A TOTAL OF ABOUT 9,500 BEDS AND WOULD REQUIRE NEARLY 5,000 TRAINED PERSONNEL TO OPERATE. TO PROVIDE SUCH A LARGE NUMBER OF TRAINED PEOPLE, HE OBSERVED, "WE WOULD HAVE TO VACATE ALL THE HOTELS IN TURKEY". HE SPECULATED THAT IF THE CYPRUS PROBLEM WERE NOT SETTLED IN FIVE YEARS, THE HOTEL SCHOOL MIGHT BE ABLE TO GENERATE ENOUGH TRAINED PEOPLE TO RUN ALL THE HOTELS. HE ALSO SPECULATED THAT IT WAS POSSIBLE THAT IN A SETTLEMENT. THE RPP MIGHT BE WILLING TO MODIFY ITS POSITION ON VAROSHA TO THE EXTENT OF PERMITTING COMPLETE FREEDOM OF MOVEMENT SO THAT THE HOTELS COULD BE OPERATED BY THE GREEK-CYPRIOTS. IN ANY EVENT, HE SAID, THE IMPORTANCE OF VAROSHA IS IN THE ECONOMIC RESOURCES REPRESENTED BY THE HOTELS, NOT IN ITS CAPACITY FOR ACCEPTING LARGE NUMBERS OF RESIDENTS. HE DOUBTED THAT MORE THAN 30,000 PERSONS COULD LIVE IN THE HOUSING AREA OF VAROSHA. SPIERS

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